

# United States Foreign Aid in 1952

**T**HE composition of United States Government foreign aid shifted during the course of 1952, with economic assistance declining and military aid rising. By the final quarter, military assistance was close to \$1 billion, and made up over two-thirds of the gross foreign aid.

Total gross aid of \$5.6 billion was 10 percent more than in the preceding year. For the entire year, military aid amounted to \$2½ billion—almost double the 1951 figure—and comprised 49 percent of all gross aid.

The reduction in economic assistance programed for the fiscal year beginning July 1951 was reflected in the actual aid provided in 1952. Gross economic assistance contracted to less than half a billion dollars in the December quarter; it totaled \$2.8 billion for the calendar year as a whole—one-fifth less than in 1951.

During the year Congress raised the required counterpart return for economic grants under the mutual-security program from 5 to 10 percent; in the last quarter, these counterpart collections showed a corresponding increase which reduced net economic aid. Another major factor in the decline of net economic assistance in 1952 was the larger repayments on postwar credits, several of which had terms deferring principal repayments until last year. Thus, in the last quarter of 1952, credit repayments exceeded credit utilizations by \$107 million.

## Grants six-sevenths of total

Grants continued to dominate foreign aid last year despite the fact that credit utilizations doubled to comprise 15 percent of gross aid. As a result of the large credit repayments, net credit utilizations were \$400 million, or 8 percent of the annual net foreign aid. This 1952 net credit utilization raised to \$10.7 billion foreign indebtedness on loans and other credits made by the United States Government since the beginning of World War II. The United States Government collected \$204 million in interest on this indebtedness in 1952.

Most of the outstanding indebtedness was built up in the early postwar period. Credit utilization constituted 38 percent of the gross aid in the postwar period prior to the Communist invasion of the Republic of Korea.

## Postwar aid \$41 billion

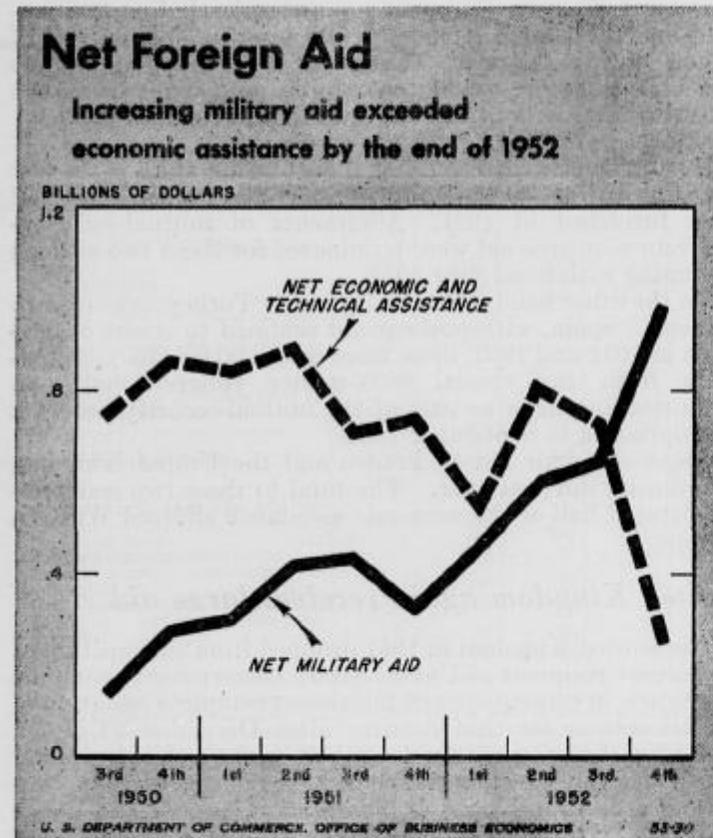
Gross foreign aid for the postwar period through 1952 totals \$41 billion, exclusive of the Government's investment of \$3.4 billion in the International Bank for Reconstruction and Development and the International Monetary Fund. Net foreign aid in the same 7½-year period totals nearly \$38 billion. At the present rate, net foreign aid since V-J Day will soon exceed the total of the 5-year war period.

Most of the foreign-aid programs of the United States Government were integrated into one mutual-security program in 1951. Through the latter program the United States Government now provides aid to other nations in the effort to improve their economic and military stability and security. Mutual-security-program foreign aid includes military and economic and technical assistance.

## Mutual-security program

Aid furnished under the mutual-security program comprised 88 percent of gross foreign aid in 1952, in comparison with 86 percent in 1951 and 75 percent for comparable programs in 1950. Under the coordination of the Director for Mutual Security the nonmilitary or economic aid programs are operated for the most part by the Mutual Security Agency and by the Technical Cooperation Administration of the State Department. Military aid is provided by the Defense Department.

The significant portions of foreign economic aid not provided under the mutual-security program include the credits of the Export-Import Bank, which accounted for 9 percent



The emerging predominance of military aid is even more strikingly portrayed on the basis of net foreign aid, as can be seen in the accompanying chart. Net foreign aid, which takes into account the receipts by the United States Government of reverse grants and returns on grants, as well as the repayment of credits, was \$5 billion in 1952.

NOTE—MR. KERBER IS A MEMBER OF THE CLEARING OFFICE FOR FOREIGN TRANSACTIONS, OFFICE OF BUSINESS ECONOMICS.

of gross 1952 aid, and civilian-supply grants by the Army Department to Korea and the Ryukyu Islands.

### *Western Europe major beneficiary*

In the last quarter of 1951, the European program for economic and technical assistance represented the largest individual component and comprised one-half of gross foreign aid. A sharp decline has since occurred in European economic aid. In 1952 this segment represented less than one-third of gross foreign aid. In the final quarter it was one-fifth.

Nevertheless, Western Europe continued in 1952 to be the largest beneficiary of United States Government foreign aid. It received mutual-security-program military aid totaling \$2½ billion in the year, double such aid in the preceding year. This total in the year 1952 was more than the aggregate of military grants to the area in the entire preceding 6½-year postwar period.

The doubling of military aid to the European countries participating in the North Atlantic Treaty Organization (NATO) more than offset the \$625-million decline in economic assistance to Western Europe in 1952. Gross foreign aid to the area amounted to \$4¼ billion, up 14 percent.

### *Military aid strengthens allies*

Military aid provided to European countries in 1952 included \$2,062 million representing shipment of actual military equipment, \$83 million in services (including military training) and \$34 million for the ocean freight of the material when carried on United States vessels.

During the past calendar year the United States Government also contributed \$73 million to NATO toward the cost of fixed facilities which are needed for effective defense and which are used jointly by the integrated combat forces under the NATO program. The United States is participating with Canada and eight other NATO nations in a multilateral financing of these common facilities.

The total for the first three annual construction programs amounts to \$739 million, of which the United States Government is to contribute \$288 million. In December 1952 the NATO Council voted to build \$230 million worth of the fourth annual program, and in February 1953 approval for this fourth program was increased to \$450 million. The United States contribution to the December authorization has been announced as \$92 million.

### *Aid fosters European integration*

The United States programs for aid to Western Europe recognize the need to encourage and facilitate the mutual efforts of the European community to increase its defense and economic status by political federation, military integration, and economic unification. In the Mutual Security Act of 1952 the Congress specifically directed that the program should be administered to support these ends. During 1952 the High Authority for the European Coal and Steel Community, joining the coal and steel industries of six continental

nations, began operations. The treaty establishing the European Defense Community was signed in May 1952 and is pending ratification by the participating nations. Congress has authorized the provision of military aid directly to the European Defense Community.

The European Payments Union (EPU), by which members of the Organization for European Economic Cooperation engage in multilateral exchange clearance, received no direct assistance from the United States Government in 1952. In 1950 and 1951, payments of \$43 million and \$195 million, respectively, were made to EPU as part of mutual-security-program economic assistance. These funds constitute a contribution to the capital of EPU. Of the previous United States Government pledge to the capital fund, \$123 million was still available at the end of 1952. Although no additional capital contributions were made to EPU in 1952, over \$135 million was granted as United States Government economic aid to Austria, Greece, Iceland, Turkey, and the United Kingdom to assist these countries in meeting their obligations to EPU.

### *Country changes*

Declines were effected in the economic aid furnished to most European countries in 1952. The decreases ranged from 23 percent for Yugoslavia to 84 percent for Denmark. The contraction in economic aid followed the general economic recovery throughout Europe. Gold and dollar resources of Western European countries (excluding Switzerland and the United Kingdom) rose from \$4¼ billion to \$5¼ billion during the year. Early in 1953 the Netherlands announced that it would not require any fiscal year 1953 allotments, in view of the improvement in its hard-currency position.

Ireland and Sweden received almost no aid at all in the last year, in contrast to the approximately \$25 million each had been furnished in 1951. Allotments of mutual-security-program economic aid were terminated for these two nations beginning with fiscal year 1952.

On the other hand, nonmilitary aid to Turkey increased 15 percent. Spain, with postwar aid confined to credit utilizations in 1951 and 1952, drew more in the latter year—principally from the special \$62¼-million congressional loan authorization made as part of the mutual-security-program appropriation in September 1950.

Gross economic aid to France and the United Kingdom rose during the past year. The total to these two countries constituted half of the economic assistance afforded Western Europe.

### *United Kingdom again receives large aid*

The United Kingdom in 1951 dropped from the position of the largest recipient of United States Government economic assistance, in consequence of the almost complete cessation of aid allocations for that country after December 31, 1950. However, that nation experienced an adverse shift in its net dollar and gold position in the last six months of 1951, sustaining a drain of over \$1¼ billion upon its gold and dollar resources. During this period the United Kingdom sold \$950 million in gold to the United States.

Despite restrictions of dollar imports and other controls exercised by the British Commonwealth countries in the sterling area, continuing deterioration made necessary a

NOTE.—For a detailed description of aid furnished during the war period and the 6-year postwar period prior to the Korean invasion see the *Foreign Aid* supplement to the *SURVEY OF CURRENT BUSINESS*, published November 1953. Available at \$1 from the Superintendent of Documents, Washington 25, D. C. or the various Department of Commerce Field Offices.

Table 1.—Summary of Foreign Aid (Grants and Credits), by Program: July 1, 1945, Through Dec. 31, 1952

(Millions of dollars)

Program	Total postwar period	Before Korean invasion	After Korean invasion											
			Total	July-December 1950	1951					1952				
					Total	January-March	April-June	July-September	October-December	Total	January-March	April-June	July-September	October-December
Gross foreign aid <sup>1</sup> .....	41,644	26,459	12,475	2,224	5,074	1,238	1,593	1,250	1,296	6,478	1,491	1,537	1,633	1,436
Grants utilized.....	30,247	18,524	11,423	2,021	4,645	1,114	1,337	1,145	1,095	4,756	885	1,291	1,215	1,245
Less: Credit-agreement offsets to grants.....	1,286	1,290	1,453	201	428	123	96	104	190	823	206	240	309	68
Credits utilized.....	12,044	8,645	1,052	203	429	124	253	105	201	1,722	346	246	418	393
Less: Returns.....	3,423	2,378	1,243	217	462	163	84	117	148	574	90	137	148	139
Reverse grants and returns on grants.....	1,230	874	384	65	140	39	35	33	34	151	27	75	22	27
Principal collected on credits.....	2,191	1,504	859	152	322	64	49	84	114	423	63	62	125	172
Equals: Net foreign aid.....	37,612	24,081	11,231	2,006	4,222	1,128	1,252	1,133	1,065	5,004	128	1,066	1,375	1,231
Not grants.....	27,700	16,063	11,057	1,995	4,008	1,078	1,078	1,134	1,043	4,000	556	1,216	1,193	1,238
Net credits.....	9,912	8,018	1,174	60	214	50	174	19	19	1,004	140	185	182	~107
Grants utilized.....	30,247	18,234	11,423	2,021	4,645	1,114	1,337	1,145	1,095	4,756	885	1,291	1,215	1,245
Land-lease.....	1,822	1,092	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Mutual security: Economic and technical assistance.....	12,711	7,004	4,707	1,389	3,668	697	800	622	708	1,890	382	565	531	362
Military aid <sup>2</sup> .....	4,087	63	4,524	402	1,454	206	414	450	335	2,729	467	651	650	981
Civilian supplies.....	8,624	4,041	770	257	308	90	198	81	18	154	44	63	41	26
UNRRA, post-UNRRA, and interim aid.....	3,443	3,443	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Philippine rehabilitation.....	534	619	116	100	12	4	1	2	1	.....	.....	.....	.....	.....
Greek-Turkish aid.....	950	930	23	15	3	3	3	3	1	.....	.....	.....	.....	.....
Chinese stabilization and military aid.....	243	238	5	2	3	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other.....	697	458	171	50	105	64	28	6	7	10	1	1	1	7
Reverse grants and returns on grants.....	1,230	874	384	65	140	39	36	33	34	151	27	75	22	27
Reverse land-lease.....	133	133	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Return of land-lease ships.....	370	297	80	.....	26	10	.....	.....	33	66	2	28	.....	.....
War-account cash settlements.....	130	120	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Counterpart funds: Economic and technical assistance.....	561	333	259	63	110	37	38	30	30	55	22	17	20	26
Military aid.....	10	1	15	3	6	1	2	2	1	6	2	.....	2	1
Credits utilized.....	12,044	8,645	1,052	203	429	124	253	105	201	1,722	346	246	309	66
British loan.....	3,750	3,750	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Export-Import Bank (for own account).....	3,416	3,416	768	81	504	78	66	30	25	478	70	100	244	46
Direct loans.....	3,237	2,498	789	84	223	83	81	30	25	463	80	100	247	46
Loans through agent banks.....	179	133	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Surplus property (including merchant ships).....	1,487	1,484	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Credit-agreement offsets to grants.....	1,286	1,286	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Land-lease (including settlement credits).....	71	80	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Mutual security (including loans to Spain and India).....	1,008	960	617	78	309	38	25	70	75	231	121	124	63	14
Other.....	458	380	67	42	13	4	4	4	5	12	2	4	4	2
Principal collected on credits.....	2,191	1,504	859	152	312	64	49	84	114	423	63	62	125	172
British loan.....	94	.....	90	.....	44	.....	.....	.....	44	46	.....	.....	.....	46
Export-Import Bank (for own account).....	1,125	639	493	86	134	31	10	33	51	271	44	29	60	30
Direct loans.....	628	483	470	74	136	30	18	22	50	267	45	35	66	30
Loans through agent banks.....	172	149	33	14	6	1	.....	.....	1	4	.....	.....	.....	.....
Surplus property (including merchant ships).....	270	188	183	35	56	23	13	11	12	71	13	15	28	15
Credit-agreement offsets to grants.....	62	22	40	1	31	1	1	13	7	18	.....	.....	11	7
Land-lease (including settlement credits).....	40	31	19	6	7	1	.....	.....	.....	6	1	.....	.....	.....
Other.....	600	507	63	23	40	10	16	23	.....	12	2	7	1	.....

1. Foreign aid is defined to comprise two categories—grants and credits. Grants are largely outright gifts for which no payment is expected, or which at most involve an obligation on the part of the recipient to extend aid to the United States or other countries to achieve a common objective. Credits are loans or other agreements which give rise to specific obligations to repay, over a period of years, usually with interest. In some instances assistance has been given with the understanding that a donation as to repayment will be made at a later date; such assistance is included in grants. At such time as an agreement is reached for repayment over a period of years, a credit is established. Because such credits cannot, as a rule, be deducted from specific grants recorded in previous periods, they are included in both grants (at the earlier period) and credits (at the time of the agreement), and the amounts of such credit-agreement offsets to grants are deducted from the total grants and credits in arriving at gross foreign aid. All known returns to the United States Government stemming from grants and credits are taken into account in net foreign aid. Gross foreign aid less the returns is net foreign aid, which is shown as net grants and net credits. The measure of foreign aid generally is in terms of goods delivered or shipped by the United States Government, services rendered by the United States Government, or cash disbursed by the United States Government to or for the account of a foreign government or other foreign entity. The Government's capital investments in the International Bank (635 million) and International Monetary Fund (2,750 million) are not included in gross foreign aid although they constitute an additional measure taken by the Government to promote foreign economic recovery. Payments to these international financial institutions do not result in immediate equivalent aid to foreign countries. Use of available dollar funds is largely determined by the management of the two institutions, subject to certain restraints which can be exercised by the United States Government.

Further definition and explanation of these data are contained in the *Foreign Aid* supplement to the *Survey of Current Business*, published November 1952.  
 2. Includes contributions to mutual-aid construction program of the North Atlantic Treaty Organization.  
 3. Less than \$500,000.  
 4. Negative entry of less than \$500,000 results from refunds of cash aid.  
 5. Negative entry results from excess of EIB repurchases from agent banks over agent-bank disbursements.  
 6. Includes less than \$1 million collected on mutual-security program credits.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 2.—Summary of Foreign Aid (Grants and Credits), by Major Country: July 1, 1948, Through Dec. 31, 1952  
(In millions of dollars)

Major country 1	Total postwar period	Before Korean invasion	After Korean invasion											
			Total	July-December 1950	1951				1952					
					Total	January-March	April-June	July-September	October-December	Total	January-March	April-June	July-September	October-December
Gross foreign aid (grants and credits) 1..	41,024	28,189	12,878	2,223	6,074	1,228	1,393	1,260	1,205	5,678	1,008	1,637	1,823	1,438
Less: Returns.....	3,422	2,178	1,241	217	482	263	34	117	145	574	30	337	148	189
Equals: Net foreign aid.....	37,602	25,981	11,637	2,006	4,622	1,133	1,359	1,133	1,056	4,064	978	1,400	1,375	1,249
<b>Western Europe and dependent areas:</b>														
Gross foreign aid.....	30,138	20,800	9,628	1,072	3,710	811	1,040	843	805	4,247	784	1,344	1,156	1,144
Less: Returns.....	2,213	1,101	1,019	174	303	87	83	85	110	481	71	107	131	172
Equals: Net foreign aid.....	27,915	19,800	8,609	1,497	3,407	724	957	758	695	3,766	713	1,057	1,024	972
<b>Austria:</b>														
Gross foreign aid.....	1,013	722	291	36	101	25	63	27	45	94	24	31	10	30
Less: Returns.....	88	35	32	6	14	2	5	2	3	13	4	3	3	2
Equals: Net foreign aid.....	960	687	259	30	87	23	58	25	42	81	20	28	7	28
<b>Belgium-Luxembourg:</b>														
Gross foreign aid.....	801	434	172	38	55	27	10	10	2	28	5	11	6	6
Less: Returns.....	68	31	33	5	13	2	2	0	2	14	0	3	0	1
Equals: Net foreign aid.....	738	400	139	33	42	25	8	10	0	14	5	8	6	5
<b>British Commonwealth: United Kingdoms:</b>														
Gross foreign aid.....	7,441	6,445	307	268	230	94	54	38	50	493	24	204	188	197
Less: Returns.....	683	463	231	42	107	14	15	24	45	81	3	9	9	81
Equals: Net foreign aid.....	6,658	5,793	786	226	123	80	39	14	5	411	21	195	179	116
<b>Denmark:</b>														
Gross foreign aid.....	201	103	90	28	62	17	16	12	17	10	4	0	4	2
Less: Returns.....	10	8	8	2	4	1	1	1	2	3	1	1	1	1
Equals: Net foreign aid.....	270	185	81	26	58	16	15	11	15	7	3	-1	3	1
<b>Finland:</b>														
Gross foreign aid.....	128	128	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Less: Returns.....	47	27	20	4	3	1	1	1	1	4	0	1	1	1
Equals: Net foreign aid.....	81	101	-10	-4	-3	-1	-1	-1	-1	0	0	-1	-1	-1
<b>France:</b>														
Gross foreign aid.....	5,070	3,377	1,102	221	475	111	139	117	109	690	122	120	212	31
Less: Returns.....	429	166	273	28	37	25	7	25	8	181	32	47	65	48
Equals: Net foreign aid.....	4,641	3,112	829	193	438	86	132	92	101	509	90	73	147	-17
<b>Germany:</b>														
Gross foreign aid.....	3,861	3,138	782	213	366	127	129	97	23	186	63	28	22	22
Less: Returns.....	173	87	81	11	29	5	5	4	1	51	1	0	22	23
Equals: Net foreign aid.....	3,718	3,052	701	202	337	122	124	93	22	135	62	28	2	-1
<b>Greece:</b>														
Gross foreign aid.....	1,527	1,173	414	54	210	37	48	68	58	139	42	26	45	10
Less: Returns.....	58	32	54	3	16	4	4	5	3	20	0	16	4	4
Equals: Net foreign aid.....	1,502	1,142	360	51	194	33	44	63	55	119	42	10	41	6
<b>Iceland:</b>														
Gross foreign aid.....	28	10	17	2	9	1	4	4	1	0	1	2	1	1
Less: Returns.....	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Equals: Net foreign aid.....	20	10	17	2	9	1	4	4	1	0	1	2	1	1
<b>Ireland:</b>														
Gross foreign aid.....	147	09	48	23	25	10	6	4	2	0	0	0	0	0
Less: Returns.....	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Equals: Net foreign aid.....	149	09	47	23	24	10	6	4	2	0	0	0	0	0
<b>Italy:</b>														
Gross foreign aid.....	2,647	2,024	628	113	300	33	101	82	33	210	41	81	62	48
Less: Returns.....	189	76	90	18	42	15	7	15	0	26	18	5	15	6
Equals: Net foreign aid.....	2,478	1,949	538	95	258	18	94	67	33	184	23	76	47	41
<b>Netherlands:</b>														
Gross foreign aid.....	1,213	900	330	60	160	66	43	20	28	86	21	20	36	7
Less: Returns.....	165	00	135	45	48	2	6	4	4	44	2	17	5	20
Equals: Net foreign aid.....	1,058	600	195	15	112	64	37	16	24	42	19	3	31	-13
<b>Norway:</b>														
Gross foreign aid.....	328	215	114	33	40	16	11	11	11	32	11	6	10	6
Less: Returns.....	48	23	25	7	9	4	3	1	1	8	1	2	1	4
Equals: Net foreign aid.....	281	182	89	26	31	12	8	10	10	24	10	4	9	2
<b>Portugal:</b>														
Gross foreign aid.....	47	5	42	13	20	0	0	2	4	8	3	3	2	1
Less: Returns.....	2	0	2	0	1	0	0	0	0	1	0	0	0	0
Equals: Net foreign aid.....	45	5	40	13	19	0	0	2	4	7	3	3	2	1
<b>Spain:</b>														
Gross and net foreign aid.....	41	0	41	0	41	0	0	0	0	41	0	0	0	0
<b>Sweden:</b>														
Gross foreign aid.....	113	68	42	10	27	10	0	7	1	4	3	0	0	0
Less: Returns.....	3	1	2	1	1	0	0	0	0	0	0	0	0	0
Equals: Net foreign aid.....	100	68	40	9	26	10	0	7	1	4	3	0	0	0
<b>Triplet:</b>														
Gross foreign aid.....	86	35	11	2	8	2	2	2	0	0	0	0	0	0
Less: Returns.....	3	1	1	0	1	0	0	0	0	0	0	0	0	0
Equals: Net foreign aid.....	44	34	10	2	7	2	2	2	0	0	0	0	0	0
<b>Turkey:</b>														
Gross foreign aid.....	286	240	166	27	63	11	11	20	22	65	12	54	11	11
Less: Returns.....	33	17	20	3	7	2	1	1	3	9	3	3	3	2
Equals: Net foreign aid.....	260	222	134	24	56	9	10	19	19	56	9	51	8	9
<b>Yugoslavia:</b>														
Gross foreign aid.....	626	311	210	21	108	33	28	21	27	83	26	23	14	20
Less: Returns.....	8	0	6	0	0	0	0	0	0	0	0	0	0	0
Equals: Net foreign aid.....	618	311	204	21	108	33	28	21	27	83	26	23	14	20

See footnotes at end of table.



renewed flow of aid to forestall a considerable reduction in the United Kingdom defense program. Thus, the United Kingdom received a large allocation of defense-support aid in February 1952, and was second only to France in the economic aid utilized last year.

As a result of the efforts of the sterling-area countries, buttressed by United States aid, the United Kingdom was able to halt the reserve drain. By the end of 1952, it raised its gold and dollar holdings a quarter billion dollars above the low point reached in April. After selling \$520 million of gold to the United States in the first quarter, the United Kingdom repurchased \$80 million in the final quarter of last year.

### Loan to France

Although gross economic aid to France and its dependent areas was larger than that to the United Kingdom, on a net basis economic aid to France was considerably less. The French situation is extraordinary, because of special developments in offshore procurement of military aid.

Offshore procurement as part of the mutual-security military-aid program refers to those military supplies and equipment which are produced abroad, paid for abroad by the United States, and then transferred by the United States Government to recipient governments as military aid. In the course of providing materiel for NATO forces as direct military aid, offshore procurement results in economic gains for the countries involved, as it expands productive capacity for military equipment and assists the European countries by increasing their dollar earnings.

Generally, there is a long lead-time in military production, and payments for offshore procurement are not ordinarily made until deliveries take place. Thus, considerable time could elapse before dollars would accrue to France for the contracts let. Since the French dollar stringency was immediate and serious, an Export-Import Bank loan was arranged.

Gross aid to France included disbursements of \$154 million on the Export-Import Bank loan authorized in June. This loan was limited to the dollar amounts of certain contracts placed by the Defense Department in France; by the end of the year repayments of the loan totaling \$49 million were made on French account by the Defense Department based on deliveries certified by the French Government.

### Offshore procurement large

More than \$750 million in contracts for offshore procurement of military aid were let in Europe in 1952. Almost half, or \$345 million, of these contracts were in France. Large contracts were also placed in Italy (\$184 million) and the United Kingdom (\$146 million). During the year, the Defense Department disbursed approximately \$80 million on these contracts; about \$65 million of this was expended in France (including the \$49 million repaid to the Export-Import Bank).

### Most Asia and Pacific aid rises

Cessation of grant aid to Japan after 1951 more than accounted for the decline in total aid to the Asia and Pacific area in 1952. Following the start of the Korean conflict, Japan became a staging area for United Nations operations. With increased Japanese dollar earnings from the large United Nations operations there, it became possible to stop the Army civilian-supply grant program in 1952; such aid had totaled \$247 million in 1951. Japan did utilize a loan

of \$40 million from the Export-Import Bank for the purchase of cotton in 1952.

Military aid to the Asia and Pacific area rose by one-third in 1952, aggregating nearly \$400 million for the entire year. The cost of United States military operations in support of the United Nations effort in Korea is not included in the foreign-aid data tabulated here.

Nonmilitary assistance to Asia and Pacific countries other than Japan increased one-tenth in 1952. Of the total of \$447 million in the year, one-third represented civilian-supply grants to Korea. Shipments and disbursements against the wheat loan for India totaled \$84 million. In the last half of the year India received the first major economic and technical assistance grants under the cooperative mutual-security program. Disbursements of \$6½ million were made in the last quarter against the emergency wheat loan to Pakistan announced in September. Economic and technical assistance to Taiwan increased slightly from the preceding year, totaling \$79 million.

### Near East assistance

Economic aid to the Near East and Africa area doubled in the last calendar year, aggregating \$184 million. Israel was the recipient of almost two-thirds of the total aid to the area in both 1951 and 1952. Three-fourths of the aid to Israel in 1951 and one-fourth in 1952 represented disburse-

Table 3.—Mutual-Security Program Reimbursable Military Transfers

(Millions of dollars)

Area	Net cash deposits through Dec. 31, 1952	Shipments and services furnished			Balance with U. S. Government Dec. 31, 1952
		1950	1951	1952	
Total.....	244	1	72	129	166
Western Hemisphere.....	204	1	66	67	119
Western Europe.....	22	(1)	1	3	17
Other areas.....	47	(1)	4	19	24

L. Less than \$500,000.

Source: U. S. Department of Commerce, Office of Business Economics.

ments on the Export-Import Bank loan to that country. Since the last quarter of 1951 Israel has received economic assistance under the mutual-security program. Such grants for relief and resettlement and for general economic development totaled \$82 million in 1952.

The United States Government also contributed through the United Nations Relief and Works Agency for Palestine Refugees to provide food, shelter, and medical attention for the Arab refugees who fled Palestine. Both in 1951 and in 1952 these grants exceeded \$20 million.

The other major beneficiary in the Near East and Africa was Iran, where 1952 technical assistance was nearly 14 million.

### Loans to American Republics decline

The decline in foreign aid to the American Republics in 1952 was a consequence of a 22-percent decrease in drawings on loans of the Export-Import Bank to the area, principally to Argentina. That country, which had received \$92 million in 1951, drew only \$5 million last year. Mexico, on the other hand, increased its credit utilization from \$3 million to \$40 million. Over half of these loans were for the rehabilitation of the Mexican National Railways. Loans to the other American Republics increased to aggregate \$55 million in 1952.

During 1952 technical-assistance grants were continued to these countries by the Institute of Inter-American Affairs as part of the mutual-security program. Such grants amounted to \$16 million in 1952, almost double the sum in the preceding year. Foreign aid to Mexico in the cooperative program for the eradication of the foot-and-mouth disease in that country constituted an additional technical-assistance grant of \$3 million in 1952.

The American Republics also received first shipments of mutual-security-program military aid procured from United States Government appropriated funds in the last year. In addition the grant assistance shown in tables 1 and 2 includes the difference between the original acquisition cost of certain United States Government military equipment (particularly vessels) transferred to these countries and the amounts paid by the foreign country under the reimbursable-assistance authority of the Mutual Defense Assistance Act of 1949.<sup>1</sup> A moderate decline in military aid to the American Republics occurred in 1952, the total grant amounting to \$59 million.

### Military equipment sold

As part of the mutual-security program, the United States sells military equipment to its allies which are able to pay for their own rearmament. On a reimbursable basis the United States transfers from its military stocks and procures goods for its allies to use in their rearmament. These sales are not part of the foreign-aid totals in tables 1 and 2.

1. Excess military equipment transferred as grants under the mutual-security program authorization is stated in all compilations at original acquisition value, for which the Congress periodically establishes transfer limitations. When identical or similar items are sold to foreign countries, the same method of valuation is used in accounting for the transfer, credit being given for the cash deposit of the foreign government and the difference being incorporated into tables 1 and 2 as grant aid.

As of the end of 1952, the United States Government had received net deposits of \$354 million for supplies and services, principally from Western Hemisphere nations. In addition \$209 million more was on order under contracts, to be paid for by the purchasing foreign governments before the materiel and services are furnished by the United States Government.

Deliveries have totaled \$193 million against the deposits, and, as shown in table 3, increased markedly last year.

### Nonaid expenditures abroad

The expansion of United States foreign operations since the Communist invasion of Korea has led to increased dollar payments abroad by the Government for goods and services. This has been a contributing factor in the decreased necessity for economic aid abroad.

Net foreign dollar disbursements by the United States Government for goods and services have more than tripled since the start of the Korean conflict, as follows:

	<i>Millions of dollars</i>
July-December 1950.....	400
January-June 1951.....	650
July-December 1951.....	900
January-June 1952.....	1,200
July-December 1952 (estimated).....	1,250

Approximately one-third of the \$2½-billion net expenditure by the United States Government abroad in 1952 was disbursed in Western Europe. Japan, as noted above, has received a substantial share of the post-Korean invasion increase.

## 1953 Investment Programs Increased

(Continued from page 6)

a 5-percent increase in outlays planned by nondurable-goods producers, and a decline of the same magnitude in planned expenditures by the durable-goods industries.

Within the latter group, most of the decline is expected in primary iron and steel, nonferrous metals and nonautomotive transportation equipment. Machinery (both electrical and nonelectrical) are planning substantial increases in investment, while most other major durable-goods industries expect little change in outlays from 1952 rates.

Among nondurable-goods producers, larger-than-average increases in plant and equipment expenditures are scheduled by petroleum, chemicals, paper and beverage companies. Food and rubber companies expect to maintain last year's rates of fixed investment.

Except for the planned outback in capital expenditures by the railroads, all major nonmanufacturing groups are contemplating maintenance or expansion of their 1952 rates of investment during 1953.

### Nonmanufacturers' programs generally higher

The 14 percent expected rise from 1953 in spending by the public utilities reflects a planned 15-percent increase by electric power companies, and an 11-percent rise in schedules of gas companies. In mining, substantially higher anticipated outlays by oil and gas extraction companies are supplemented by more moderate increases in other major mining industries.